

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 RSC-01 /021 W

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R 230746Z JAN 75

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 5059

LIMITED OFFICIAL USE SECTION 1 OF 2 THE HAGUE 324

FOR COMMERCE

E.O. 11652: N/A

TAGS: ETRD, NL

SUBJECT: MULTILATERAL TRADE NEGOTIATIONS: NON-TARIFF BARRIER
DATA BASE.

REF: A-6192, AUGUST 5, 1974; HAUGE 4879; HAGUE 4974;
STATE 8992.

FOLLOWING COMMENTS ARE KEYED TO ANALYSIS SHEETS ON DUTCH NTBS
ENCLOSED AS ATTACHMENT ONE TO A-6192. WE WILL SEND ADDITIONAL
COMMENTS TELEGRAPHICALLY IF MORE INFORMATION BECOMES AVAILABLE.

1) 1D-GOVERNMENT PROCUREMENT COMMENTS

A) THERE IS NO WRITTEN GOVERNMENT POLICY FAVORING PHILIPS
COMPUTERS OVER OTHERS IN PUBLIC SECTOR, AND BASED ON
EXISTING FACILITIES WOULD BE HARD TO MAKE CASE FOR ANY
SUCH PREFERENCE. HOWEVER, IT COMMONLY BELIEVED THAT OTHER
THINGS BEING EQUAL THERE IS PREFERENCE FOR PHILLIPS EQUIPMENT.

B) NOT PRECISELY TRUE THAT ALL FIRMS SUBMITTING BUDS MUST HAVE
DOMICILE IN THE NETHERLANDS, BUT ALL FIRMS WHO WIN BUDS MUST
HAVE SUCH DOMICILE, SO EFFECT BASICALLY SAME.
SIGNIFICANCE TO U.S.
NEITHER OF THESE FACTORS SEEMS TO CREATE ANY REAL HARDSHIPS FOR
U.S. FIRMS.

2. 2D-CONSULAR AND CUSTOMS FORMALITIES LIMITED OFFICIAL USE

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COMMENTS

EMBASSY CONTACTED LEADING IMPORTER OF U.S. TEXTILES WHO STATED HE HAD NO PROBLEMS BRINGING IN U.S. TEXTILES. IMPORTS IN FACT HAVE INCREASED MARKEDLY IN LAST YEAR.

3. 3A-STANDARDS

A) PHARMACEUTICALS

COMMENTS

EMBASSY CONTACTED SEVERAL LEADING IMPORTERS OF U.S. PHARMACEUTICALS WHO STATED THAT THEY NOT EXPERIENCING ANY DISCRIMINATION IN IMPORTING SUCH U.S. MADE PRODUCTS. ONE STATED THAT IN SOME WAYS, IT EASIER TO GET U.S. MADE DRUGS APPROVED FOR SALE IN HOLLAND THAN IT IS FOR SAME PRODUCT IN THE U.S.

B) TEST CODES FOR NOISE LEVELS

COMMENTS

EMBASSY CONTACTED TWO IMPORTERS OF U.S. MADE COMPRESSORS. ONE STATED THAT FOR TYPE OF COMPRESSORS THEY IMPORT, THERE ARE NO PROBLEMS WITH NOISE STANDARDS. THE OTHER, HOWEVER, EXPRESSED CONCERN OVER TACTICS OF HIS EUROPEAN AND U.S. COMPETITORS. THE PROBLEM, HE SAID, IS THAT ALTHOUGH EUROPEANS AND REST OF INDUSTRY AGREED TO USE THE CAGI/PNEUROP STANDARDS WHEN DESCRIBING THEIR EQUIPMENT, IN FACT, THEY EITHER DO NOT DESCRIBE NOISE LEVEL AT ALL OR ARE USING ISO STANDARD WHICH IS SWEDISH, AND BASED ON MEASUREMENTS FROM GREATER DISTANCE FROM MACHINE. (LARGEST COMPRESSOR SUPPLIER HERE IS ATLAS COPCO, A SWEDISH COMPANY). RESULT IS THAT UNINFORMED BUYER IS CONFUSED AS TO NOISE LEVEL OF U.S. EQUIPMENT AND MAY THINK EUROPEAN IS QUIETER. HE ADDED THAT SOME OF THE OTHER U.S. FIRMS ARE ALSO NOT USING THE CAGI/PNEUROP STANDARDS, NOR ARE DUTCH. HE FELT THAT BEST THING WOULD BE FOR INDUSTRY TO COME TO AN AGREEMENT ON UNIFORM NOISE LEVEL STANDARDS.

C) QUALITY, TECHNICAL AND SAFETY STANDARDS

COMMENTS

NOTHING TO ADD.

D) OIL AND GAS BURNERS

COMMENTS

EMBASSY CONTACTED TWO IMPORTERS OF U.S. OIL AND GAS BURNERS. FIRST SAID HE HAD NO PROBLEM WITH IMPORTING FROM U.S. LIMITED OFFICIAL USE

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BECAUSE HIS FIRM IMPORTS ONLY PART OF BURNERS, REST IS ASSEMBLED HERE TO MEET DUTCH FEDERATION OF GAS COMPANIES STANDARDS. OTHER SAID THAT IN ORDER FOR HIS FIRM TO GET APPROVAL OF VARIOUS AUTHORITIES, THEY MUST SUBSTITUTE A LOCALLY MANUFACTURED VALVE FOR ORIGINAL U.S. VALVE. HOWEVER, HE SAID HE BELIEVED THAT, IN FACT, SUBSTITUTE IS SOMEWHAT SAFER THAN ORIGINAL U.S. VALVE. HE SAID HIS FIRM CHOOSES TO MAKE NECESSARY MODIFICATIONS, ALTHOUGH THEY ARE

NOT REQUIRED TO DO SO, BECAUSE IT ENSURES THAT THEY WILL
GET SAFETY APPROVAL OF GAS AND FIRE AUTHORITIES. ONCE
THEY HAVE THAT APPROVAL, THEIR PRODUCT IS MUCH MORE SALEABLE.

THUS, WOULD APPEAR THAT U.S. FIRMS NOT WILLING TO TAILOR
THEIR PRODUCT TO DUTCH MARKET WOULD HAVE SOME DISADVANTAGE
HERE. UNDOUBTEDLY, THE DUTCH WOULD DEFEND PRACTICE ON THE
BASIS OF INCREASING PRODUCT SAFETY.

E) TECHNICAL STANDARDS IMPOSED BY PHILIPS
COMMENTS

WE ARE NOT ABLE TO COMMENT ON THIS BECAUSE WE ARE UNCERTAIN
WHAT PRACTICE IS BEING DESCRIBED.

4. 4A-QUANTITATIVE RESTRICTIONS

COMMENTS

EMBASSY CONTACTED FINANCE MINISTRY WHEN WE WERE UNABLE TO LOCATE
IMPORTER OF U.S. ZINC. THE OFFICIAL SAID, "THERE IS NO QUANTIT-
ATIVE RESTRICTION WHATSOEVER ON IMPORTING WROUGHT ZINC OUT OF
THE WESTERN WORLD INTO NETHERLANDS". AN IMPORTER OF U.S.
FERTILIZERS SAID THERE ARE NO DIFFICULTIES IN IMPORTING
FERTILIZER.

SELECTIVE QUOTA

COMMENTS

EMBASSY CONTACTED IMPORTER OF U.S. MADE CHILDREN'S CLOTHING WHO
SAID THERE ARE NO QUOTAS ON THIS PRODUCT, ONLY 17 PERCENT IMPORT
DUTY. ADDED THAT HE HAD NEVER HAD ANY PROBLEMS WITH SUCH
IMPORTS.

IMPORTS OF ZINC

COMMENTS

SEE PREVIOUS COMMENT ON WROUGHT ZINC.

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 RSC-01 /021 W

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R 230746Z JAN 75

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 5060

LIMITED OFFICIAL USE SECTION 2 OF 2 THE HAGUE 324

FOR COMMERCE

QR ON IMPORTS FROM JAPAN

COMMENTS

NOTHING TO ADD.

QR'S ON PLANNED ECONOMICS

COMMENTS

NOTHING TO ADD.

5) 4E-LICENSING

IMPORT LICENSES ON 31 ITEMS

COMMENTS

WE UNAWARE OF ANY DIFFICULTIES IN IMPORTING NOTED PRODUCTS
FROM U.S.

DISCRETIONARY LICENSING

COMMENTS

NOTHING TO ADD.

IMPORT LICENSES FOR PLANNED ECONOMICS

COMMENTS

NOTHING TO ADD.

PRICE SURVEILLANCE

COMMENTS

SEE PREVIOUS COMMENT ON IMPORT OF U.S. TEXTILES.

IMPORTS FROM JAPAN

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COMMENTS

NOTHING TO ADD.

6) 4F-MOTION PICTURES

PRE-SCREENING

COMMENTS

NOTHING TO ADD.

SHORTS

COMMENTS

NOTHING TO ADD.

SIGNIFICANCE TO U.S.

WOULD APPEAR TO BE OF MINIMAL INTEREST TO U.S. U.S.

FILMS AND TELEVISION PROGRAMS VERY WIDELY SHOWN IN HOLLAND.

7) 5C-VARIABLE LEVIES

STEROID AND HORMONES

EMBASSY AGRICULTURAL SECTION STATES ITS CONTACTS REPORT NO PARTICULAR PROBLEMS IMPORTING THESE PRODUCTS FROM U.S.

8) 5D-FISCAL ADJUSTMENTS AT BORDER
SAME AS ABOVE

TURNOVER TAX

COMMENTS

THIS TAX DOES TEND TO RESTRICT IMPORTS OF CERTAIN LUXURY ITEMS FROM OUTSIDE HOLLAND. A PRIME EXAMPLE IS AUTOMOBILES BUILT OUTSIDE COUNTRY WHICH MUST PAY A 16 PERCENT LUXURY TAX ON TOP OF THE REGULAR 16 PERCENT VAT.

9) POSSIBLE ADDITIONAL NTB'S KNOWN TO EMBASSY

I.D. GOVERNMENT PROCUREMENT

METHOD

A) NO FIRM CAN EXPECT TO RECEIVE BID FOR LARGE CONVENTIONAL POWER PLANT IN NETHERLANDS UNLESS IT CAN SHOW THAT SIGNIFICANT PART OF EQUIPMENT WILL BE BUILT IN HOLLAND.

INTENT

PROTECT DOMESTIC EMPLOYMENT AND INDUSTRY

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DISCRIMINATORY EFFECT

NO U.S. OR OTHER FOREIGN SUPPLIER BEYOND TWO OLD TO MARKET FIRMS, BROWN BOVARI AND SIEMENS, CAN MEET THIS REQUIREMENT BECAUSE THESE TWO FIRMS HAVE LICENSING AGREEMENTS WITH ONLY DUTCH FIRMS CAPABLE OF MAKING SUCH EQUIPMENT.

LEGAL BASIS

AS FAR AS WE KNOWN, THIS IS NOT STATED AS AN OFFICIAL PRE-REQUISITE FOR BIDDING, BUT IS UNWRITTEN RULE.

NEGOTIABILITY

PROBABLY VERY UNLIKELY TO NEGOTIATE ON THIS.

SIGNIFICANCE TO U.S.

A) U.S. CONVENTIONAL POWER PLANT SUPPLIERS SEEM RESIGNED TO BE EXCLUDED FROM MARKET. ALTHOUGH SAME UNWRITTEN RULE APPLIES ON THE NUCLEAR SIDE, THE U.S. HAS A GOOD FOOT-HOLD IN THIS MARKET THROUGH ASSOCIATIONS WITH SEVERAL DUTCH FIRMS.

B) METHOD

PREFERENCE MAY BE DEVELOPING FOR PHILIPS EQUIPMENT IN VERY LARGE CONTRACTS COMING UP FOR ELECTRONIC TELEPHONE EXCHANGES. SUGGEST U.S. OFFICES ITT BE CONTACTED ABOUT THIS.

2C CUSTOMS CLASSIFICATIONS

A) CLASSIFYING U.S. MACHINES MANUFACTURED BY AMERICAN HOIST AND DERRIK CO., ST. PAUL, MINN., AS DRAGLINES ALTHOUGH SOLD FOR USE AS CRAWLER LIFTING CRANES, THUS FORCING IMPORTER TO PAY HIGHER TARIFF FOR DRAGLINES, 9 PERCENT VS 5.5 PERCENT.

B) INTENT
UNCERTAIN WHAT INTENT IS BEYOND COLLECTING HIGHER TAX REVENUES.

DISCRIMINATORY EFFECT
BY REQUIRING ALL AMERICAN HOIST CRAWLER LIFTING CRANES TO PAY HIGHER DRAGLINE TARIFF RATE, THEY BECOME LESS COMPETITIVE COST-WISE TO EEC-MADE CRANES, WHICH PAY NO TARIFF.

SIGNIFICANCE TO COUNTRY
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ALTHOUGH THERE IS NO DUTCH CRANE INDUSTRY DOMESTIC COMPETITION, MINISTRY OF FINANCE SUPPORTED VIEW OF THE DUTCH TARIFF COMMISSION WHICH FAVORED THE HIGHER TARIFF RATE.

NEGOTIABILITY
NOT POSSIBLE TO SAY.

COMMENTS
WE UNDERSTAND THAT AT OUR REQUEST IN 24/6 NEGOTIATIONS EEC LOWERED THE TARIFF ON DRAGLINES (EXCAVATORS) TO 9 PERCENT FROM 11.5 PERCENT, BUT THIS STILL MEANS THAT AMERICAN HOIST CRAWLER LIFTING CRANES ARE PAYING 3.5 PERCENT MORE THAN LISTED RATE OF 5.5 PERCENT.

SIGNIFICANCE TO U.S.
WHILE WE HAVE NO FIGURES ON TRADE INVOLVED, IT IS SUBSTANTIAL AND U.S. SUPPLIERS MUST MEET TOUGH COMPETITION FROM GERMANY AND GREAT BRITAIN.

SOURCES
FOR FULL AND PREVIOUS INFORMATION ON THIS CASE, SEE HAGUE 1904 OF APRIL 17, 1974.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NONTARIFF BARRIERS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975THEHA00324
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750025-0507
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750125/aaaaavvp.tel
Line Count: 324
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 A-6192, 75 AUGUST 5, 75 1974, 75 HAUGE 4879, 75 HAGUE 4974
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2003 by KelleyW0>; APPROVED <15 OCT 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MULTILATERAL TRADE NEGOTIATIONS: NON-TARIFF BARRIER DATA BASE.
TAGS: ETRD, NL
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006